

## INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person* <b>GRAE SETH</b>  (Last) (First) (Middle) <b>1249 BEVERLY ROAD</b>  (Street)  <b>MCLEAN, VA 22101</b>  (City) (State) (Zip)	2. Date of Event Requiring Statement (Month/Day/Year) <b>03/17/2006</b>	3. Issuer Name and Ticker or Trading Symbol <b>NOVASTAR RESOURCES LTD. [NVAS]</b>	
		4. Relationship of Reporting Person(s) to Issuer  (Check all applicable) <input checked="" type="checkbox"/> Director <input type="checkbox"/> 10% Owner <input checked="" type="checkbox"/> Officer (give title below) <input type="checkbox"/> Other (specify below) <b>CEO and President</b>	5. If Amendment, Date Original Filed(Month/Day/Year)
			6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> Form filed by More than One Reporting Person

### Table I - Non-Derivative Securities Beneficially Owned

1. Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)
Common Stock, \$0.001 par value	6,000,000	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

SEC 1473 (7-02)

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

### Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)		3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)		4. Conversion or Exercise Price of Derivative Security	5. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 5)	6. Nature of Indirect Beneficial Ownership (Instr. 5)
	Date Exercisable	Expiration Date	Title	Amount or Number of Shares			
Employee Stock Option (Right to Buy)	(1)	02/14/2016	Common Stock, \$0.001 par value	7,200,000	\$ 0.795	D	

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
GRAE SETH 1249 BEVERLY ROAD MCLEAN, VA 22101	X		CEO and President	

## Signatures

/s/ Seth Grae	03/27/2006
**Signature of Reporting Person	Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, see Instruction 5(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) The option vests with respect to 6/48 of the total number of shares granted on August 14, 2006 and thereafter vests in equal monthly installment of 1/48 over a four year term until all shares underlying the option have vested. The option immediately and automatically vests in full upon a Change of Control, the termination of Seth Grae's employment by the Company without Cause, or the cessation of Seth Grae's employment at the Company by Seth Grae for Good Reason. "Change of Control", "Cause", and "Good Reason" are each defined in that certain employment agreement between Seth Grae and the Company, effective as of February 14, 2006 (such employment agreement was filed as Exhibit 10.2, and the stock option agreement was filed as Exhibit 10.3, to a Current Report on Form 8-K of the Company that was filed on February 21, 2006).

**Remarks:**

Directorship shall only become effective on April 2, 2006.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *See* Instruction 6 for procedure.

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.